Equity Building on DORAL. . . .

. . . It's Working

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Source: https://www.industrydocuments.ucsf.edu/docs/srgy0000

"Equity Building" on DORAL is Working!!

1. **DORAL is Bigger and More Profitable Today**

   - Both total MAM & MAM per M are up -vs- 1992
   - Total spending on a per M basis is lower versus previous years despite equity investment for '94 & '95
   - Volume, SOM, and SOS have grown year to year over the last three years

2. **DORAL is Less Reliant on Discounting (it is still important)**

   - Discounting on a per M basis in 1994 & 1995 is significantly below previous years
   - % of total spending that is discounting has decreased every year since 1992 (89% → 61%)
   - Average coupon values and % volume promoted has decreased and somewhat stabilized
   - % PV mix has moved from discounting only to a mix of discounting and promotion

3. **Net Retail Price of DORAL Has Increased on Average Over the Past Two Years**

   - Despite price rollback
   - Without benefit of frequent price increases

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"Equity Building" on DORAL is Working!!
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4. Buyer Dynamics are Extremely Strong and Growing

- More UB's with higher share of requirement
- More occasional users and "triers"
- Conversion results of OCU's that are unprecedented
- 3MM buyers -vs- 2.5MM a year ago
- Much stronger buyer base than either GPC or Basic
  - more UB's/more loyal
  - more equity driven than "price"

5. DORAL's Positioning is Effective

- Prime prospect consumers are aware of, understand, and motivated by positioning (high awareness; strong attribute play-back of positioning; improved opinion)
- Purchase intent is higher among those aware of brand/positioning
- Increased buyer base and conversion success driven by brand positioning

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6. Key Competitor Performance, Strategy and Profitability Support DORAL's Efforts

GPC

Positioning: *Big brand at low price (real taste, real deal)*

Strategy: *Mass presence; mass availability (lower volume calls); low price*

Profitability: *Less profitable than DORAL*

Performance: *Growth trend, but slower than DORAL*

Basic

Positioning: *Tastes good, cost less. . . your Basic cigarette*

Strategy: *Q1-Q3 '95 → Heavy proposition communication; heavy promotion; mass presence; less discounting*
Q4 '95-1996 → Same as Q1-Q3 plus more discounting

Profitability: *Q1-Q3 '95 → More profitable than DORAL on per M basis*
Q4 '95-1996 → More in line with DORAL

Performance: *Q1-Q3 '95 → Flat*
Q4-1996 → Growth via a more balanced strategy

Net. . . ***GPC is growing at lower margins with little equity; Basic is moving to more of a balanced (DORAL) strategy in order to grow.***

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MARLIN Share Summary

	1993	1994	1995	1995 -vs- 1993 Diff.	1995 -vs- 1993 %
SOM (MARLIN)	4.03%	4.59%	5.24%	1.21	30.0%
SOSAV (MARLIN)	12.76%	15.20%	17.74%	4.98	39.0%

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